

California Student Aid Commission

Audit Findings &
Reports

CCCSFAAA
Conference

March 21, 2018





Audit Objective

- To ensure program compliance by postsecondary institutions participating in the Commission's Cal Grant Programs.
- To evaluate and report on the institution's administration of Commission programs.



Making education beyond high school financially accessible to all Californians.



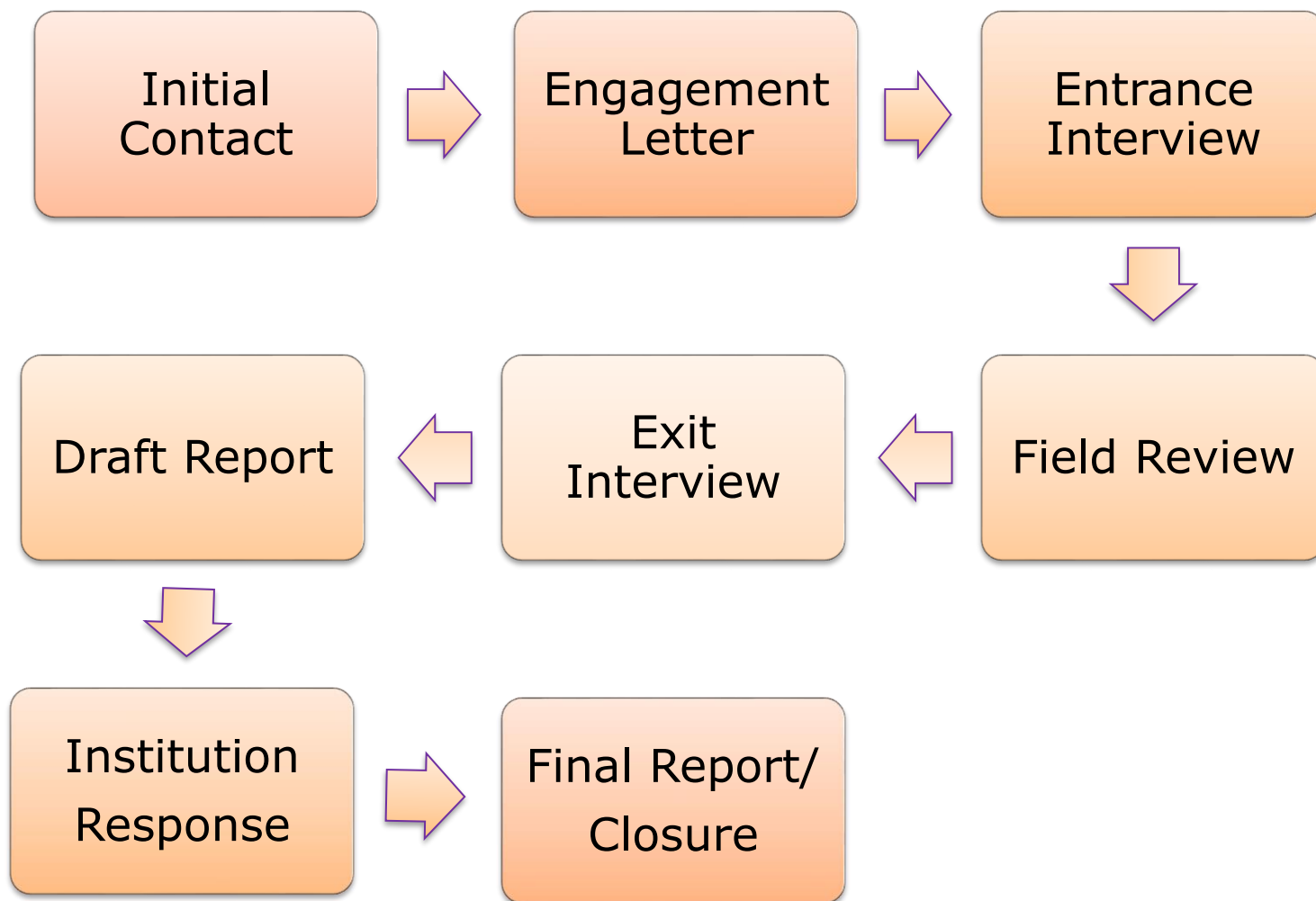
Audit Criteria

Issues that arise during the audit will be resolved by reference to:

- California Education Code
- California Code of Regulations
- Institutional Participation Agreement
- Cal Grant Manual/Handbook
- Commission Operation Memos and Special Alerts
- Higher Education Act of 1965, as amended
- 34 CFR: Compilation of Student Financial Assistance Regulations
- Federal Student Aid Handbook
- Institution Policies, Procedures and Catalogs



The Review Process



Areas of Review

- General Institution Eligibility
- Applicant Eligibility
- Fund Disbursements and Refunds
- Fiscal Responsibility





General Institution Eligibility

- Institution's Policies and Procedures
- Cal Grant Institutional Participation Agreement
- Independent Auditor's Financial Report
- Educational Programs (School Catalog)
- Information Security and Confidentiality Agreement



Applicant Eligibility

- Citizenship Requirements or Non Immigrant Status (AB 540 Affidavit)
- U.S. Selective Service Requirements
- Not in Default
- California Residency
- Enrolled in Eligible Program
- Does not have a Bachelor's or Professional Degree
- Educational Level
- Income/Asset Does not Exceed Ceilings
- Demonstrates Financial Need for the Award (Over-awards)
- Meeting Satisfactory Academic Progress
- Valid Institutional Student Information Record (ISIR) or Cal ISIR

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Fund Disbursements and Refunds

- Enrollment Status - Number of Units
- Disbursement Policy & Dates
- Refund Policy



Fiscal Responsibility

- Cal Grant Reconciliation (student by student)
- Accounting Documents – Ledgers (Receipt of Cal Grant Funds and Disbursements to Students)
- Reconciliation Discrepancies (excess funds, unreported payments, undisbursed funds)
- Cal Grant Funds Deposited and Maintained in an Interest Bearing Account
- Return of Interest Earned on Cal Grant Funds



10 Common Findings

1. Cal Grant Reconciliation
2. AB 540 Verification
3. Verification Not Performed
4. Income/Assets Exceed Ceiling
5. SAP Not in Compliance with Title IV
6. Education Grade Level Verified Incorrectly
7. No Written Policies & Procedures
8. Ineligible Student/Program (Cal Grant C)
9. Incorrect Payment Amounts Due To Enrollment Status
10. Interest Not Returned

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Finding 1: Unreconciled Funds

Observation: Cal Grant funds not reconciled.

Requirement: Cal Grant funds must be reconciled on a student-by-student basis for the payment period and award year.



Scenario: Unreconciled Funds

The institution reported the following payments in WebGrants:

Student A	\$836
Student B	\$836
Student C	\$836
Total	\$2,508

Institution accounting records disclose actual disbursements:

Student A	\$836
Student B	\$836
Student C	\$418
Student D	\$418
Total	\$2,508



Reconciliation Tools

- Available Reconciliation Reports
 - Monthly Payment Activity Report
 - Accept/Reject Report
 - Summary Report
 - Detailed Report
 - Detailed Data File
- Available WebGrants Tools
 - Excel Reconciliation Template

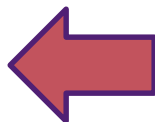
Monthly Payment Activity

		YEAR-TO-DATE ACTIVITY					
		FALL	WINTER	SPRING	SUMMER	TOTAL	
CAT/F	304,314.00	0.00	0.00	0.00	0.00	304,314.00	
CBT/F	22,710.00	0.00	0.00	0.00	0.00	22,710.00	
CBACC	4,180.00	0.00	0.00	0.00	0.00	4,180.00	
CBTOTAL	26,890.00	0.00	0.00	0.00	0.00	26,890.00	
CCT/F	0.00	0.00	0.00	0.00	0.00	0.00	
CCB/S	0.00	0.00	0.00	0.00	0.00	0.00	
CCTOTAL	0.00	0.00	0.00	0.00	0.00	0.00	
GFT/F	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL	331,204.00	0.00	0.00	0.00	0.00	331,204.00	
GRAND TOTAL							
TERM		NUMBER OF PAYMENT TRANSACTIONS RECONCILED			NUMBER OF PAYMENT TRANSACTIONS ACCEPTED BUT NOT YET RECONCILED		
FALL		79			0		
WINTER		0			0		
SPRING		2			0		
SUMMER		0			0		
**** END OF REPORT **** FOR SCHOOL: 00123400 **** YOUR COLLEGE ****							



Accept/Reject

Displays Failed
transactions



1 SABRAR2 - 01 (EDE COPY) CALIFORNIA STUDENT AID COMMISSION
ACCEPT/REJECT REPORT PAGE : 1
RUN DATE: 10/28/2011
RUN TIME: 22:55:36

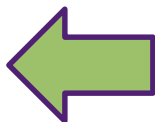
REJECTED SECTION

GRANT ID#	SSN	STUDENT LASTNAME	FIRST NAME	M I	PROCESS DATE	SRC CODE	ACT CODE	PGM CODE	NEED NEED	ADJ TYPE	PAY TYPE	AMOUNT	RSN	PAY STATUS
6785:		GONZALEZ	ELIDA		10/28/2011	C	U		0	ACC	FL	776.00		PD
6785: PAY TYPE ACC: SCHOOL HAS ALREADY REPORTED PAYMENT														
6785:			ROBERT		10/28/2011	C	U	C	0	B&S	FL	288.00		PD
6785: PAY TYPE B&S: SCHOOL HAS ALREADY REPORTED PAYMENT														
6785:			JOSE	A	10/28/2011	C	U	B	0	ACC	FL	776.00		PD
6785: PAY TYPE ACC: SCHOOL HAS ALREADY REPORTED PAYMENT														

TOTALS														
BATCH -				PAYMENTS REJECTED:		0		AMOUNT REJECTED:		0.00				
ONLINE -				PAYMENTS REJECTED:				AMOUNT REJECTED:						
COMBINED -				PAYMENTS COMBINED:				AMOUNT COMBINED:						

Rejected Section

Provides
confirmation for
each transaction
submitted



1 SABRAR2 - 01 (EDE COPY) CALIFORNIA STUDENT AID COMMISSION
ACCEPT/REJECT REPORT PAGE : 2
RUN DATE: 10/28/2011
RUN TIME: 22:55:36

ACCEPTED SECTION

GRANT ID#	SSN	STUDENT LASTNAME	FIRST NAME	M I	PROCESS DATE	SRC CODE	ACT CODE	PGM CODE	NEED NEED	ADJ TYPE	PAY TYPE	AMOUNT	RSN	PAY STATUS
		ACEVEDO	AMALIA		10/28/2011	C	U		18498	0	B&S	FL	216.00	TI
		ACEVEDO	WILMAIDO	V	10/28/2011	C	U	B	0	0	ACC	FL	776.00	PD
		ACEVES	MIZEL	V	10/28/2011	C	U	B	9389	0	ACC	FL	388.00	HT
		ACEVES	RICARDO		10/28/2011	C	U	B	0	0	ACC	FL	776.00	PD
		AGUILAR	JEANETTE		10/28/2011	C	U	B	0	0	ACC	FL	776.00	PD
		AGUILERA	ANA	J	10/28/2011	C	U	B	0	0	ACC	FL	776.00	PD
		ALBARRANSALINAS	MARIA	G	10/28/2011	C	U	C	0	0	B&S	FL	288.00	PD
		ALBRIGHT	MEGAN	R	10/28/2011	C	U	B	0	0	ACC	FL	776.00	PD

Accepted Section



Reconciliation Summary Report

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND TERM (FL,WN,SP,SU)
INFORMATION FOR TERMS NOT SELECTED WILL DISPLAY AS BLANKS

	FALL	WINTER	SPRING	SUMMER	TOTAL
A T/F	21,562,647.00	21,112,303.00	20,547,056.00		63,222,006.00
B T/F	8,661,966.00	8,226,543.00	7,877,858.00		24,766,367.00
B ACC	1,124,881.00	1,079,980.00	1,027,295.00		3,232,156.00
B TOTAL	9,786,847.00	9,306,523.00	8,905,153.00	0.00	27,998,523.00
C T/F	1,728.00	1,728.00	1,728.00		5,184.00
C B/S	384.00	384.00	384.00		1,152.00
C TOTAL	2,112.00	2,112.00	2,112.00	0.00	6,336.00

TOTAL	31,351,606.00	30,420,938.00	29,454,321.00	0.00	
GRAND TOTAL					91,226,865.00

California

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND TERM (FL,WN,SP,SU)
 INFORMATION FOR TERMS NOT SELECTED WILL DISPLAY AS BLANKS

	FALL	WINTER	SPRING	SUMMER	TOTAL
A T/F	4,552.00		2,427.00	0.00	6,979.00
B T/F	25,484.00		30,338.00	13,349.00	69,171.00
B ACC	4,069.00		4,844.00	2,134.00	11,047.00
B TOTAL	29,553.00	0.00	35,182.00	15,483.00	80,218.00
C T/F					0.00
C B/S					0.00
C TOTAL	0.00	0.00	0.00	0.00	0.00
<hr/>					
TOTAL	34,105.00	0.00	37,609.00	15,483.00	
GRAND TOTAL					87,197.00

School Accounting Report 2017-18 Cal Grant Disbursements

Cal Grant A: \$ 6,979

Cal Grant B: \$79,443

Total: \$86,422

School Accounting Report 2017-18 Cal Grant B Disbursements

Fall: \$29,553

Spring: \$34,407

Total: \$79,433

School Accounting Report 2017-18 Cal Grant B Spring Disbursements

Tuition & Fees: \$30,338

Access: \$ 4,069

Total: \$34,407



Reconciliation Detail Report

RECONCILIATION REPORT (DETAIL)

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND
SORT CRITERIA : SSN ASCENDING , TERM ASCENDING , AWARD TYPE
DATES SHOWN IN THIS REPORT ARE IN MMDDYY FORMAT

LAST NAME	FIRST NAME (10 Char)	ADJ RSN	DISB AMT	ELIG USED	CREATE DATE	PAY DATE
POOH	WINNIE T.	HT	388	25.00	032112	033012
			388			
LIGHTYEAR	BUZZ	TT	581	37.50	032212	032312
			581			
MCQUEEN	LIGHTNING	HT	388	25.00	032212	032312
			388			
WHITE	SNOW	TT	581	37.50	032212	032312
			581			
MOUSE	MICKEY		775	50.00	032212	032312
			775			
DUCK	DONALD		775	50.00	032212	032312
			775			
HOOD	ROBIN	HT	388	25.00	032212	032312
			388			
SMITH	JOHN		775	50.00	032112	032312
			775			
ROBIN	CHRISTOPHER		775	50.00	032212	032312

School Accounting Report 2017-18 Cal Grant B Spring Access Disbursements

Pooh, W \$388

Lightyear, B \$581

McQueen, L \$388

White, S \$581

Mouse, M \$775

Hood, R \$388

Smith, J \$775

Robin, C \$775

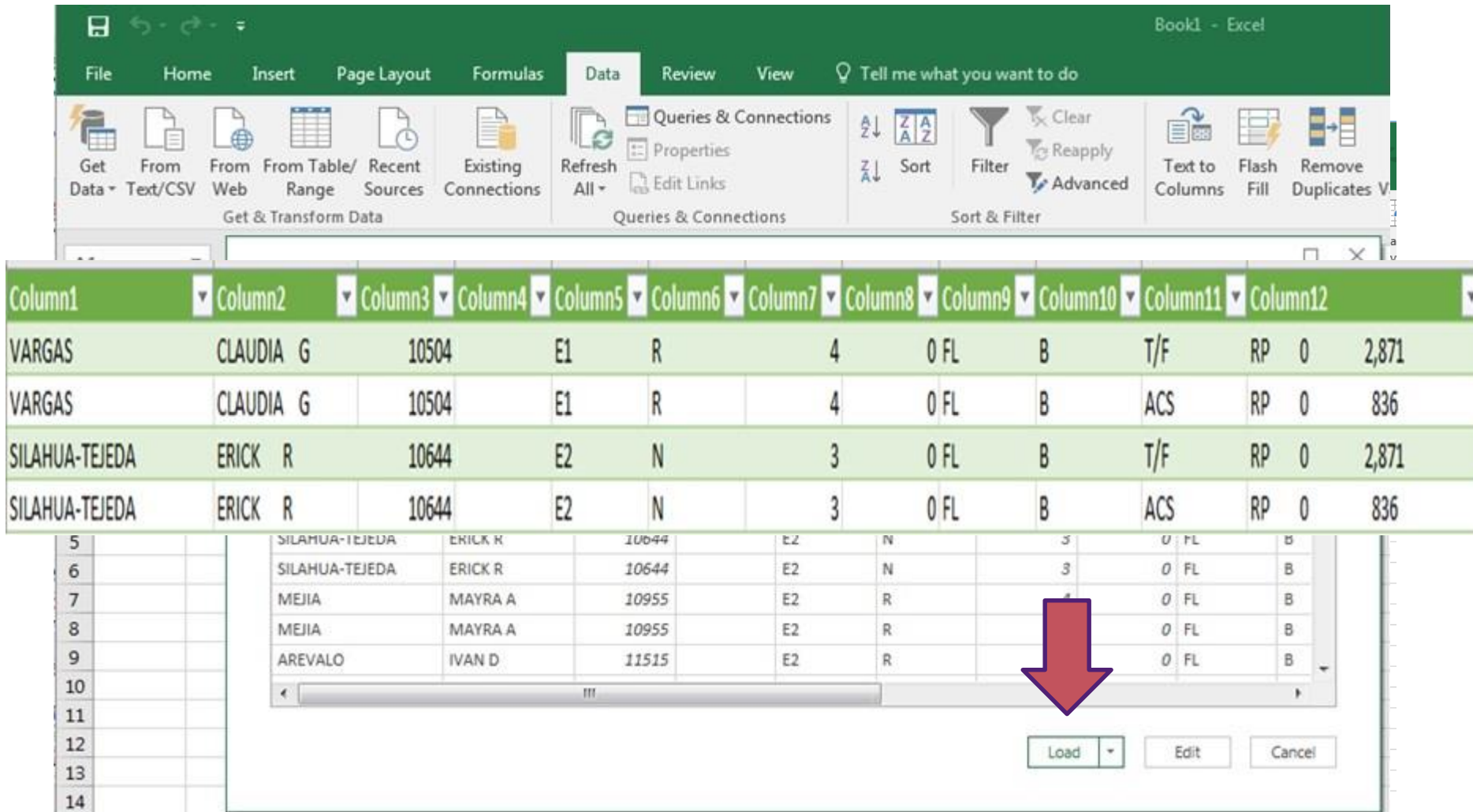


Importing Detail Data into Excel Template

Last Name	First Name	Social Security	Grant ID	Cycle ID	New/Renewal	Student EL	School Program	Term	Grant Program	Award Type
TUBMAN	HARRIET	XXXXX		E1	R	4	00	FL	B	T/F
TUBMAN	HARRIET	XXXXX		E1	R	4	00	FL	B	ACS
EINSTEIN	ALBERT	XXXXX		E2	N	3	00	FL	B	T/F
EINSTEIN	ALBERT	XXXXX		E2	N	3	00	FL	B	ACS
ANGELOU	MAYA	XXXXX		E2	R	4	00	FL	B	T/F
ANGELOU	MAYA	XXXXX		E2	R	4	00	FL	B	ACS
CURIE	MARIE	XXXXX		E2	R	3	00	FL	B	T/F
CURIE	MARIE	XXXXX		E2	R	3	00	FL	B	ACS
SHAKESPEARE	WILLIAM	XXXXX		E2	N	3	00	FL	B	T/F
SHAKESPEARE	WILLIAM	XXXXX		E2	N	3	00	FL	B	ACS

Award Type	Pay Status	Adjustment Amt	Adjustment Reason	Adjustment Date	Disbursement Amt	Eligibility Used	Create Date	Pay Status Date
T/F	RP	0			2,871	50.00	92917	92917
ACS	RP	0			836	50.00	92917	92917
T/F	RP	0			2,871	50.00	92917	92917
ACS	RP	0			836	50.00	92917	92917
T/F	RP	0			2,871	50.00	92917	92917
ACS	RP	0			836	50.00	92917	92917
T/F	RP	0			2,871	50.00	92917	92917
ACS	RP	0			836	50.00	92917	92917
T/F	RP	0			2,871	50.00	92917	92917
ACS	RP	0			836	50.00	92917	92917

Importing to New Excel Doc



The screenshot shows the Microsoft Excel interface with the 'Data' tab selected. The ribbon includes options for 'Get & Transform Data' (Get Data, From Text/CSV, From Web, From Table/Range, Recent Sources, Existing Connections), 'Queries & Connections' (Refresh All, Properties, Edit Links), 'Sort & Filter' (Sort, Filter, Clear, Reapply, Advanced), and 'Text to Columns', 'Flash Fill', and 'Remove Duplicates'. Below the ribbon, a table with 12 columns is visible. A data import dialog box is open, showing a preview of the data to be imported. A large red arrow points to the 'Load' button in the dialog box.

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12
VARGAS	CLAUDIA G	10504	E1	R		4	0 FL	B	T/F	RP	0 2,871
VARGAS	CLAUDIA G	10504	E1	R		4	0 FL	B	ACS	RP	0 836
SILAHUA-TEJEDA	ERICK R	10644	E2	N		3	0 FL	B	T/F	RP	0 2,871
SILAHUA-TEJEDA	ERICK R	10644	E2	N		3	0 FL	B	ACS	RP	0 836

5	SILAHUA-TEJEDA	ERICK R	10644	E2	N	3	0 FL	B
6	SILAHUA-TEJEDA	ERICK R	10644	E2	N	3	0 FL	B
7	MEJIA	MAYRA A	10955	E2	R	4	0 FL	B
8	MEJIA	MAYRA A	10955	E2	R		0 FL	B
9	AREVALO	IVAN D	11515	E2	R		0 FL	B

Load Edit Cancel

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Best Practices: Unreconciled Funds

- Create written procedures and internal control measures that ensures reconciliation of Cal Grant funds, to include:
 - time frames
 - staff assignments including specific areas of responsibility
- Reconcile on a student-by-student basis for each payment period and award year.



Finding 2: AB 540 Verification

Observation: The institution failed to perform AB 540 verification prior to disbursing Cal Grant funds.

Requirement: The institution must verify that all AB 540 Cal Grant recipients meet the eligibility requirements prior to disbursement and retain a signed affidavit in its records.



Assembly Bill (AB) 540

- Allows students regardless of citizenship status to pay in-state tuition at all public institutions and some private universities if they meet certain requirements
- AB 540 verification is required prior to disbursement for Cal Grant recipients that are eligible under the CADAA
- Determination for AB 540 eligibility is a campus responsibility



AB 540 Requirements

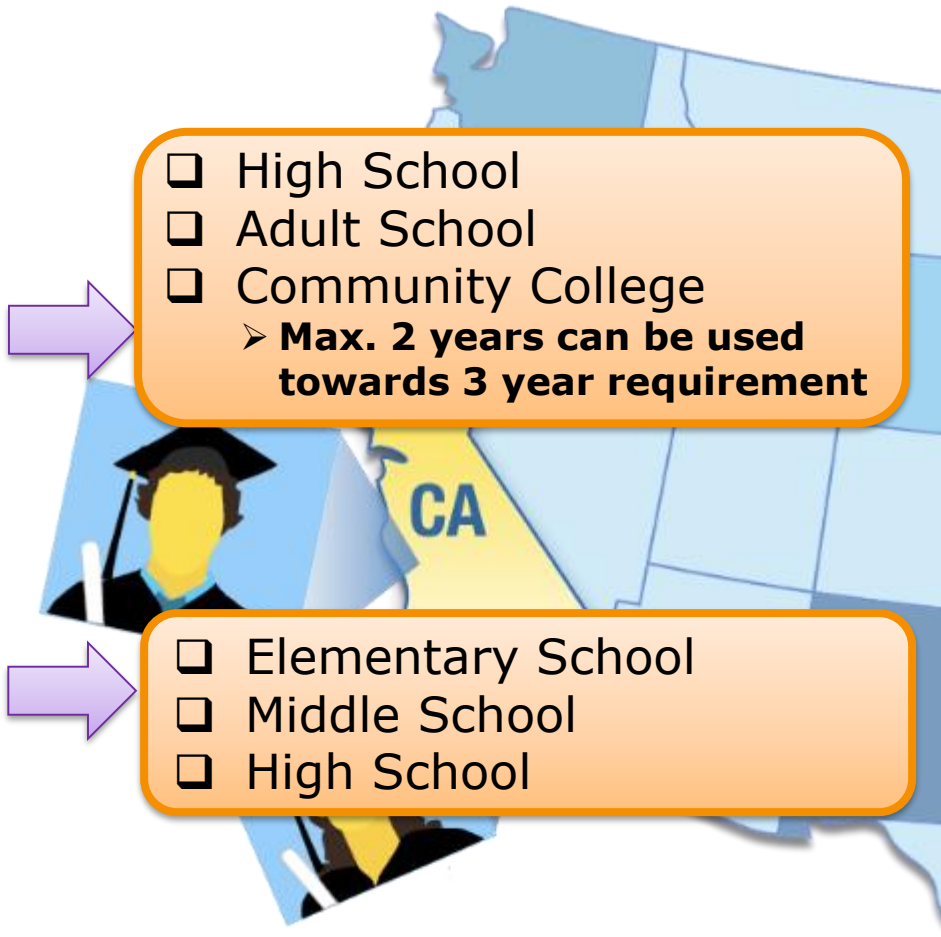
Meet all requirements:


1. Time and Coursework

- ☐ Attendance for 3+ years or the equivalent at any of the following schools in CA

OR

- ☐ 3+ years of HS coursework **and** 3+ years of total attendance at any of the following schools in CA

- 
- 
- ☐ High School
 - ☐ Adult School
 - ☐ Community College
 - **Max. 2 years can be used towards 3 year requirement**

- 
- ☐ Elementary School
 - ☐ Middle School
 - ☐ High School

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AB 540 Requirements

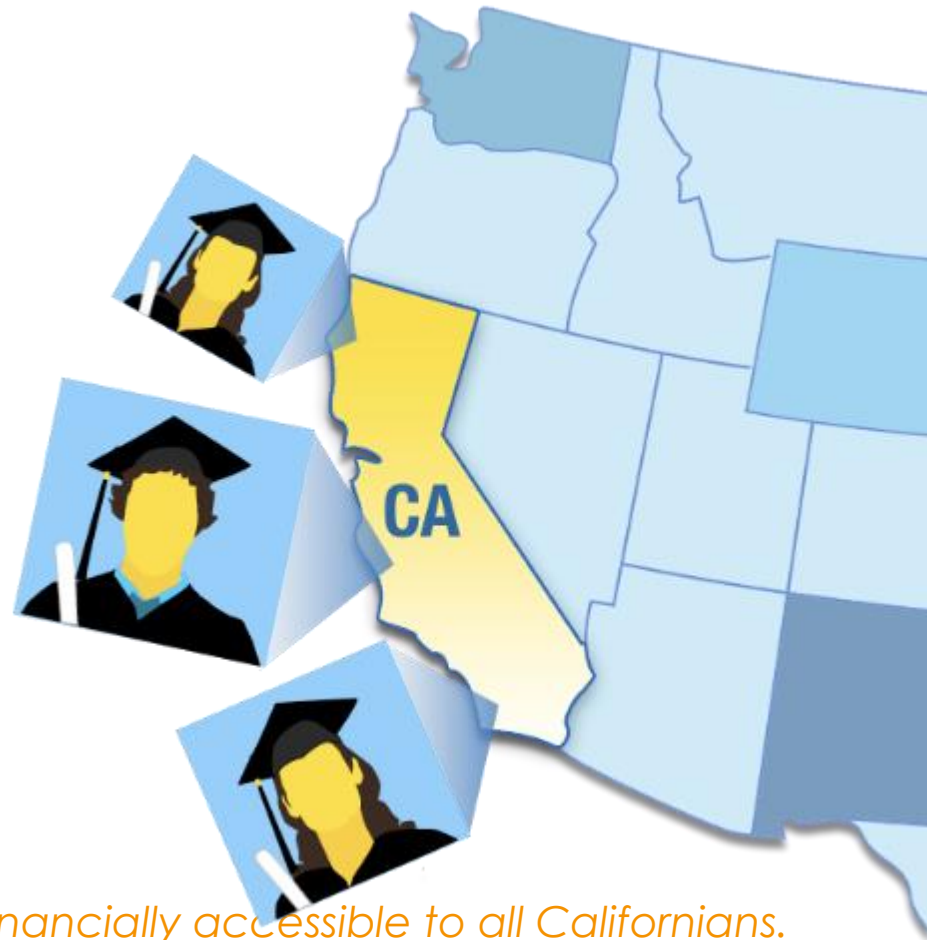
2. Degree or Transfer Requirements

- ☐ Graduation from a CA HS **or**
- ☐ Earned an associate's degree from a CA Community College **or**
- ☐ Met the minimum requirements to transfer to a CSU or UC

3. Register or enroll at an accredited institution in CA

4. Non-resident Tuition Exemption Form

- ☐ File with the college or university (AB 540 affidavit)



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AB 540 Affidavit

1.) Check one box only:

☐ I have a current nonimmigrant visa (not including a T and U visa) as defined by federal law.

Nonimmigrants have been admitted to the U.S. on a temporary visa and include, but are not limited to, foreign students (holding F visas) and exchange visitors (holding J visas).

☐ I have a current nonimmigrant visa and have been granted T or U visa status as defined by federal law.

☐ I do NOT have a current, nonimmigrant visa as defined by federal law.

This includes, among others, U.S. citizens, permanent residents, DACA recipients, and individuals without current or valid immigration status.

Selecting incorrect option according to the student's status:

1. Nonimmigrant visas (other than T and U)
2. Nonimmigrant visa including T or U
3. Not U.S. citizen, permanent resident, or DACA

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Best Practices: AB 540 Verification

- Ensure collection and distribution of AB 540 affidavit between FAO and A&R
- Ensure all staff in various departments are properly trained on AB 540 eligibility
- Ensure all FAMS are coding AB 540 students appropriately
- Update AB 540 verification policies and procedures as needed when state and federal regulations change
 - Ensure that AB 540 affidavits are completed correctly



Finding 3: Verification Not Performed

Observation: The institution failed to perform verification prior to Cal Grant disbursement.

Requirement: The institution must perform applicable verification in accordance with federal and state laws and regulations.



FAFSA

Group Number	Description
V1	Standard Verification
V2	Reserved for future use by the Department*
V3	Reserved for future use by the Department*
V4	Custom Verification
V5	Aggregate Verification
V6	Reserved for future use by the Department*

* As of the 2018-19 AY

CADAA

- 20% of applicants are selected for verification by the Commission
 - CADAA verification follows the same guidelines as FAFSA
 - Use the federal V1 verification criteria
- Students must meet AB 540 criteria
 - Affidavit to be maintained at the institution for all AB 540 students



Best Practices: Verification Not Performed

- Create written procedures and quality control measures for the verification process
 - Revisit document retention procedures as necessary
 - Conduct a peer review
 - Randomly select students
 - Ensure that the student's most recent ISIR/Cal ISIR transaction is valid
- Ensure that all staff are trained



Finding 4: Exceeding Income Ceiling

Observation: Student exceeded the Commission's income ceiling levels and received a Cal Grant disbursement.

Requirement: Institutions must verify that new and renewal students do not exceed the income ceiling.



Scenario: Exceeding Income Ceiling

To determine income ceiling, the CSAC uses the Total Income (TI) as calculated by the Central Processing System.

$$TI = AGI + \text{Untaxed Income} - \text{Taxable Income Offsets}$$

2017-18 CSAC INCOME CEILINGS	
Family Size	Cal Grant B Income
6+	\$60,600
5	\$56,100
4	\$50,100

- John is a new Cal Grant B recipient based on a TI of \$52,000 with a family size of 5.
- After verification, the TI remained the same but the family size decreased to 4. Is the student eligible?





Best Practices: Exceeding Income Ceiling

- Create policies and procedures that ensure Cal Grant recipients meet all program eligibility requirements prior to the disbursement of Cal Grant funds.
 - Include a submission of a G-21 to the Commission
- Apply the correct Cal Grant income ceilings for the academic year when verifying and/or making revisions to the student's financial information.



Finding 5: Satisfactory Academic Progress (SAP)

Observation: The institution failed to implement its SAP policy.

Requirement: Institutions are required to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP in his or her educational program.



Satisfactory Academic Progress

- Maintain SAP as defined by your school in accordance with federal requirements
- General standards
 - ❑ Maintain 2.0 GPA (cumulative)
 - ❑ Complete a minimum of 67% of attempted units per academic year
 - ❑ Not exceed 150% of the published program length

Reporting SAP in WebGrants

Code	Description	Resulting Action	Satisfy Renewal
NP	Not maintaining Satisfactory Academic Progress (SAP)	Award withdrawn after 3 consecutive terms <i>Letter is generated to student</i>	Y

Custom Codes		1	2	3	4	5				
Fall Term		Adj Reason Codes					Pay Status Codes		Delete Txn	
Program Code	Award Type	Annual Award	Term Amount	Adj Amount	Adj Reason	Pay Code	Annual Need	Income & Asset Year Used	Rec Type	
	Totals	\$1,672	\$836			<input type="text" value="v"/>	20490	2017		
B	ACSS	\$1,672	\$836	0	NP <input type="text" value="v"/>	<input type="text" value="v"/>			GRT	



Scenario: SAP Policy Not Implemented

Institution SAP Policy:

- Students must obtain a GPA of 2.0 or higher and successfully complete at least 75% of their units attempted
- SAP measurement is determined at the end of each term
- Students who do not meet SAP will be placed on Financial Aid Warning for the following semester and may receive financial aid
- Students who fail to meet SAP during the warning term will be placed on Financial Aid Suspension for the following term



Scenario: SAP Policy Not Implemented

Student:

- At the end of the Fall term obtained a cumulative GPA of 1.80
- Based on this information, what should the institution do?
 - Provide a Financial Aid Warning letter to the student prior to the start of the Spring term
 - Retain letter in file



Scenario: SAP Policy Not Implemented

Student:

- At the end of the Spring term, continued to not meet SAP.
- What should the institution do next?
 - Place student on Financial Aid Suspension
 - Report 'NP' in WebGrants



Best Practices: SAP

□ Retain the following documentation:

- ✓ **Transcripts**
- ✓ **SAP Letters**
- ✓ **SAP Policy**

□ Ensure that your institution is:

- ✓ **Implementing your SAP policy**
- ✓ **Monitoring students for SAP**
- ✓ **Notifying students not meeting SAP**



Keys to a Successful Review

- Document, Document, Document!
- Update policies and procedures annually or as needed
- Reconcile monthly
- Keep files organized
- Provide a clear audit trail
- Perform self-audits on files
- Keep up to date with state and federal regulations
- Attend trainings and webinars
- Consult with colleagues



California Student Aid Commission

Questions?

**Institutional Support Unit
1-888-294-0153**

Schoolsupport@csac.ca.gov

